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CENTRAL INTELLIGENCE AGENCY
NATIONAL FOREIGN ASSESSMENT CENTER

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INTELLIGENCE MEMORANDUMTHE SOUTH KOREAN POLITICAL SCENESummary

The government of President Choe Kyu-ha is moving gradually towards a more liberal political system, but his task will be complicated by a deteriorating economic situation, concerns as to the military's internal stability and fears that the army might attempt to take full control of the political process. Martial law is likely to remain in force for the foreseeable future to deal with expected student demonstrations in the spring and deter labor riots that could erupt as a result of the economic downturn. Anti-government elements have so far adopted a pose of moderation, hoping to keep the political temperature down during the tense months of transition. This mood of moderation probably will dissipate as the political parties and politicians vie for supremacy. Seoul's recently resumed dialogue with Pyongyang is likely to put further pressures on the government during the transition period.

Since the assassination of President Park last October, the new government of Choe Kyu-ha has been moving steadily toward a loosening of Park's authoritarian

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political system (Yusin) and a greater measure of political liberalization. Having moved quickly to remove some of the detested trappings of the Park era--such as the restrictive Emergency Measure No. 9--and having released most political prisoners, Choe is now overseeing the drafting of a new constitution. He has said that he will step down after the new constitution is approved by popular referendum and new presidential elections are held--probably in the spring of 1981.

Choe--who lacks the decisive leadership skills and power base of Park--will be hard pressed to maintain stability in the months to come. Several factors complicate this task. First, the South Korean economy, after years of rapid growth, is now in the midst of a sharp downturn. A currency devaluation of nearly 20 percent and a 59 percent increase in oil prices last month will further fuel inflation this year, raising the rate to about 25-30 percent. Unemployment is also expected to increase during 1980. Some government officials fear that skyrocketing prices and rising unemployment will lead to labor unrest in the spring. Though the Choe government has taken economically sound measures to deal with these problems, both the pro-government and the opposition party have begun to attack the administration for its economic policies.

The most disturbing unknown, however, is the simmering turbulence within the Army. The faction of Major General Chon Tu-hwan--the strongman who seized control of the army in a violent military action last December--appears to hold a firm grip on power, but numerous elements have been angered by his takeover

Although there is no firm evidence that there is any cohesive group within the military strong enough to challenge Chon, we cannot discount the possibility that such a group will emerge and attempt a counteraction. Should more restiveness surface, it could undermine domestic political stability, erode business confidence at home and overseas, and even encourage North Korea to launch a military thrust against the South.

Even if there is no further instability within the military, the army will exert an influence--direct or indirect--on all major policy decisions. General Chon has steadfastly denied that he has political ambitions

or that he plans to become involved in politics, but the pervasive fear that he might have served to keep political emotions in check. There is also a question as to the degree of political liberalization the military will tolerate. They clearly will not permit the election of a controversial dissident figure as president and commander-in-chief of the armed forces. Many civilians fear that, if confronted by a deteriorating political situation, the military will not hesitate to intervene, extending their martial law powers and perhaps even supplanting the civilian authority.

Although the military has taken care to reduce its visibility, its influence nevertheless has been pervasive. Martial law--in force for nearly four months--has put a damper on political activity by prohibiting certain kinds of political meetings and by implementing an effective press censorship. The military will probably be unwilling to lift martial law as long as the danger of anti-government activity exists.

Government and military authorities are also concerned over the prospect of campus demonstrations this spring. Should these demonstrations spill over into the streets, they could stimulate the unemployed and the economically disadvantaged elements to vent their grievances, thus acting as a catalyst for riots such as occurred in two southern industrial cities last October. The government has been working to mollify the students before the new school semester begins next month, but many issues remain unsolved.

An uneasy truce continues between the two major political parties, the majority Democratic Republican Party and the opposition New Democratic Party. Aware of the dangers of exciting the political atmosphere, the opposition elements have adhered to a moderate course and have not pressed the government on a number of sensitive issues. This moderate pose will probably not last much longer, as the exigencies of politics will force the opposition and pro-government parties to sharpen their differences. As these differences begin to surface, hard-lined dissidents are likely to begin to press demands that will be clearly unacceptable to the government and the military. Such intemperate activities could force the authorities to resort to harsh action to suppress dissidence, which would in turn further inflame the situation.

Fear and distrust of North Korea continue to influence Seoul's policies. Acting on a North Korean overture, South Korea recently began a series of preparatory meetings with Pyongyang aimed at an eventual meeting of the prime ministers of the two sides. The North Korean move seems designed to put further pressure on Choe during the delicate transition period and to create an atmosphere that would facilitate the loosening of the US-ROK security relationship. Although Seoul is suspicious of the North's intentions and is expected to move cautiously, this new dialogue with Pyongyang might be exploited by anti-government politicians, who are likely to criticize any unilateral arrangements with North Korea made by an "interim government" without the participation of all political parties.



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